

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Prairieville*  
*Barry County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2006*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Prairieville, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Prairieville, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Township of Prairieville, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Prairieville, Michigan, as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison schedule, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Prairieville, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Board of Trustees  
Township of Prairieville, Michigan  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Prairieville, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

June 8, 2006

## **BASIC FINANCIAL STATEMENTS**

**Township of Prairieville**  
**STATEMENT OF NET ASSETS**  
*March 31, 2006*

	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,098,151
Amounts on deposit with fiscal agent	50,951
Prepaid expenses	22,459
Receivables, net	<u>245,175</u>
Total current assets	<u>1,416,736</u>
Noncurrent assets:	
Receivables, net	595,425
Capital assets, net of accumulated depreciation	<u>1,105,919</u>
Total noncurrent assets	<u>1,701,344</u>
Total assets	<u>3,118,080</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	30,089
Deferred revenue	40,689
Long-term debt	<u>191,219</u>
Total current liabilities	261,997
Noncurrent liabilities - long-term debt	<u>807,245</u>
Total liabilities	<u>1,069,242</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	801,936
Restricted for:	
Perpetual care	27,243
Public safety	36,101
Public works	125,729
Recreation and culture	39,114
Debt service	42,220
Unrestricted	<u>976,495</u>
Total net assets	<u>\$ 2,048,838</u>

*See notes to financial statements*

**Township of Prairieville**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2006

		<u>Program revenues</u>			<u>Net (expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>revenues and</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>	<u>grants and</u>	<u>changes in</u>
<b>Functions/Programs</b>			<b>contributions</b>	<b>contributions</b>	<b>Governmental</b>
<b>Governmental activities:</b>					<b>activities</b>
Legislative	\$ 6,980	\$ -	\$ -	\$ -	\$ (6,980)
General government	307,190	48,275	-	9,510	(249,405)
Public safety	394,120	36,137	6,175	39,676	(312,132)
Public works	46,852	2,349	3,919	101,470	60,886
Community and economic development	32,700	5,545	-	-	(27,155)
Culture and recreation	98,241	66,225	-	-	(32,016)
Interest on long-term debt	19,882	34,250	-	-	14,368
Total governmental activities	<u>\$ 905,965</u>	<u>\$ 192,781</u>	<u>\$ 10,094</u>	<u>\$ 150,656</u>	<u>(552,434)</u>
General revenues:					
Property taxes					436,488
State shared revenue					219,588
Franchise fees					14,321
Unrestricted interest income					33,859
Other					<u>15,493</u>
Total general revenues					<u>719,749</u>
Change in net assets					167,315
Net assets - beginning					<u>1,881,523</u>
Net assets - ending					<u>\$ 2,048,838</u>

See notes to financial statements



**Township of Prairieville**  
**BALANCE SHEET - governmental funds**  
 March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Southwest Barry County Sewer</u>
<b>ASSETS</b>			
Cash	\$ 925,659	\$ 20,338	\$ -
Amounts on deposit with fiscal agent	-	-	-
Receivables	43,457	7,963	481,513
Due from other funds	38,000	-	-
Prepaid expenses	1,552	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ 1,008,668	\$ 28,301	\$ 481,513
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 15,887	\$ -	\$ 12,032
Due to other funds	-	-	-
Deferred revenue	-	-	469,481
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	15,887	-	481,513
Fund balances:			
Reserved for:			
Long-term advance	38,000	-	-
Debt service	-	-	-
Unreserved	954,781	28,301	-
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Debt service funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	992,781	28,301	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ 1,008,668	\$ 28,301	\$ 481,513

Total fund balances - total governmental funds

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including contract and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities* (page 5)

<u>Little Long Lake Sewer</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ 152,154	\$ 1,098,151
50,951	-	50,951
162,832	144,835	840,600
-	-	38,000
-	-	1,552
<u>\$ 213,783</u>	<u>\$ 296,989</u>	<u>\$ 2,029,254</u>

\$ -	\$ 2,170	\$ 30,089
-	38,000	38,000
<u>150,115</u>	<u>130,279</u>	<u>749,875</u>
<u>150,115</u>	<u>170,449</u>	<u>817,964</u>

-	-	38,000
63,668	-	63,668
-	-	983,082
-	122,119	122,119
-	(29,479)	(29,479)
-	<u>33,900</u>	<u>33,900</u>
<u>63,668</u>	<u>126,540</u>	<u>1,211,290</u>
<u>\$ 213,783</u>	<u>\$ 296,989</u>	<u>\$ 2,029,254</u>

\$ 1,211,290

1,105,919

20,907

709,186

(998,464)

\$ 2,048,838

See notes to financial statements

**Township of Prairieville****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND****BALANCES - governmental funds**

Year ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Southwest Barry County Sewer</u>
<b>REVENUES</b>			
Taxes	\$ 137,265	\$ 143,495	\$ -
Licenses and permits	52,627	-	-
Federal grants	39,676	-	-
State grants	235,115	-	-
Charges for services	11,605	-	-
Fines and forfeitures	2,251	-	-
Interest and rentals	24,329	3,063	22,697
Other	13,783	-	147,682
Total revenues	<u>516,651</u>	<u>146,558</u>	<u>170,379</u>
<b>EXPENDITURES</b>			
Legislative	6,980	-	-
General government	295,768	-	-
Public safety	280,133	-	-
Public works	244,064	-	-
Community and economic development	32,700	-	-
Culture and recreation	33,800	-	-
Capital outlay	472,878	-	-
Debt service:			
Principal	48,500	-	158,531
Interest	-	-	11,848
Total expenditures	<u>1,414,823</u>	<u>-</u>	<u>170,379</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(898,172)</u>	<u>146,558</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	352,483	-	-
Transfers in	415,800	-	-
Transfers out	(28,000)	(190,000)	-
Total other financing sources (uses)	<u>740,283</u>	<u>(190,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(157,889)</u>	<u>(43,442)</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,150,670</u>	<u>71,743</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 992,781</u>	<u>\$ 28,301</u>	<u>\$ -</u>

<u>Little Long Lake Sewer</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ 188,027	\$ 468,787
-	-	52,627
-	-	39,676
-	-	235,115
-	60,741	72,346
-	-	2,251
9,968	15,491	75,548
<u>23,302</u>	<u>62,129</u>	<u>246,896</u>
 33,270	 326,388	 1,193,246
-	-	6,980
-	-	295,768
-	-	280,133
-	97,618	341,682
-	-	32,700
-	58,423	92,223
-	394	473,272
20,000	-	227,031
<u>6,955</u>	<u>1,079</u>	<u>19,882</u>
 26,955	 157,514	 1,769,671
 6,315	 168,874	 (576,425)
-	-	352,483
-	28,000	443,800
-	<u>(225,800)</u>	<u>(443,800)</u>
-	 (197,800)	 352,483
6,315	(28,926)	(223,942)
<u>57,353</u>	<u>155,466</u>	<u>1,435,232</u>
<u>\$ 63,668</u>	<u>\$ 126,540</u>	<u>\$ 1,211,290</u>

See notes to financial statements

**Township of Prairieville**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds (Continued)**

Year ended March 31, 2006

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	<u><b>Total governmental funds</b></u>
Net change in fund balances - total governmental funds	\$ (223,942)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital assets:	
Assets acquired	718,107
Provision for depreciation	(74,782)
Long-term debt:	
Loan proceeds	(352,483)
Principal repayments	227,031
Changes in other assets/liabilities:	
Net increase in prepaid expenses	2,860
Net decrease in deferred revenue	<u>(129,476)</u>
Change in net assets of <i>governmental activities</i>	<u><u>\$ 167,315</u></u>

See notes to financial statements

***Township of Prairieville***  
**STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund***  
*March 31, 2006*

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**ASSETS**

Cash	\$ <u>13,872</u>
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**LIABILITIES**

Due to other governmental units	\$ <u>13,872</u>
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*See notes to financial statements*

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Prairieville, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Southwest Barry County Sewer Fund accounts for the financial resources used for payment of debt related to sewer improvements.

The Little Long Lake Sewer Fund accounts for the financial resources used for payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide financial statements.



**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) *Assets, liabilities, and net assets or equity* (continued):**

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2005.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	4 - 20 years
Infrastructure	20 years

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):**

The following schedule sets forth significant budget variances:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Inspections	\$ 39,741	\$ 41,984	\$ 2,243
	Public works	Highways and streets	155,725	241,859	86,134
	Community and economic development	Planning and zoning	25,542	32,700	7,158
	Capital outlay	Capital outlay	238,461	472,878	234,417
	Debt service	Principal	-	48,500	48,500
	Other financing uses	Transfer out	-	28,000	28,000
Pine Lake Weed	Public works	Weed control	-	1,500	1,500

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Total</u>
Deposits with financial institutions	\$ 1,097,901	\$ 13,872	\$ 1,111,773
Cash on hand	<u>250</u>	<u>-</u>	<u>250</u>
	<u>\$ 1,098,151</u>	<u>\$ 13,872</u>	<u>\$ 1,112,023</u>

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2006, the Township had deposits with a carrying amount of \$1,111,773.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2006, \$917,015 of the Township's bank balances of \$1,117,015 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Totals</i>
General	\$ 7,352	\$ -	\$ 36,105	\$ 43,457
Fire	7,963	-	-	7,963
Southwest Barry County Sewer	-	481,513	-	481,513
Little Long Lake Sewer	-	162,832	-	162,832
Nonmajor governmental	10,434	134,401	-	144,835
Totals	<u>\$ 25,749</u>	<u>\$ 778,746</u>	<u>\$ 36,105</u>	<u>\$ 840,600</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 595,425</u>	<u>\$ -</u>	<u>\$ 595,425</u>

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2006, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ -	\$ 100,282	\$ -	\$ 100,282
Capital assets being depreciated:				
Land improvements	67,050	4,400	-	71,450
Buildings and improvements	235,775	8,659	-	244,434
Equipment	286,816	64,849	-	351,665
Vehicles	374,673	236,296	-	610,969
Roads	-	303,621	-	303,621
Subtotal	<u>964,314</u>	<u>617,825</u>	<u>-</u>	<u>1,582,139</u>
Less accumulated depreciation for:				
Land improvements	25,641	3,447	-	29,088
Buildings and improvements	142,883	6,149	-	149,032
Equipment	152,830	23,621	-	176,451
Vehicles	180,366	32,774	-	213,140
Roads	-	8,791	-	8,791
Subtotal	<u>501,720</u>	<u>74,782</u>	<u>-</u>	<u>576,502</u>
Total capital assets being depreciated, net	<u>462,594</u>	<u>543,043</u>	<u>-</u>	<u>1,005,637</u>
Governmental activities capital assets, net	<u>\$ 462,594</u>	<u>\$ 643,325</u>	<u>\$ -</u>	<u>\$ 1,105,919</u>

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 8,743
Public safety	51,309
Public works	8,791
Culture and recreation	<u>5,939</u>
 Total governmental activities	 <u>\$ 74,782</u>

**NOTE 6 - NONCURRENT LIABILITIES:**

Long-term debt at March 31, 2006, is comprised of the following individual issues:

*Contract payable:*

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

\$ 469,481

\$114,635 Contract payable - Kalamazoo County Road Commission, Michigan, due in annual installments of \$28,500 to \$29,135. Final payment is due June 2008.

86,135

*Bonds payable:*

\$99,000 2001 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$11,000 to \$15,000, plus interest at 4.85%; final payment due April 2008.

45,000

\$265,000 2003 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$10,000 to \$20,000, plus interest ranging from 1.60% to 4.60%; final payment due June 2014.

180,000

*Installment purchase:*

\$237,848 2006 installment purchase agreement for the purchase of a fire truck, due in annual installments of \$20,000 to \$41,944, including interest at 4.426%. Final payment is due June 2011.

217,848

\$ 998,464

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - NONCURRENT LIABILITIES (Continued):**

Long-term debt activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Contract payable - Sewer	\$ 628,012	\$ -	\$ 158,531	\$ 469,481	\$ 93,896
Contract payable - Roads	-	114,635	28,500	86,135	28,500
2001 Bonds payable	45,000	-	-	45,000	15,000
2003 Bonds payable	200,000	-	20,000	180,000	20,000
Installment purchase - Truck	-	237,848	20,000	217,848	33,823
Total governmental activities	<u>\$ 873,012</u>	<u>\$ 352,483</u>	<u>\$ 227,031</u>	<u>\$ 998,464</u>	<u>\$ 191,219</u>

At March 31, 2006, debt service requirements on long-term debt are follows:

<u>Year ended March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 191,219	\$ 45,452
2008	191,020	38,533
2009	193,175	29,838
2010	150,629	21,389
2011	152,291	13,196
2012 - 2016	<u>120,130</u>	<u>1,814</u>
	<u>\$ 998,464</u>	<u>\$ 150,222</u>

**NOTE 7 - PAYABLES:**

Payables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 9,455	\$ 6,432	\$ -	\$ 15,887
Southwest Barry County Sewer	-	-	12,032	12,032
Nonmajor governmental	<u>2,170</u>	<u>-</u>	<u>-</u>	<u>2,170</u>
Total	<u>\$ 11,625</u>	<u>\$ 6,432</u>	<u>\$ 12,032</u>	<u>\$ 30,089</u>

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - DEFERRED REVENUE:**

As of March 31, 2006, the various components of deferred revenues are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Special assessments	\$ 40,689	\$ 709,186	\$ 749,875

**NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

At March 31, 2006, the composition of interfund balances follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 38,000	North Lakeshore Drive	\$ 38,000

The General Fund advanced funds to the North Lakeshore Drive Fund, a capital project fund, to finance the cost of road reconstruction in 2006.

A summary of interfund transfers for the year ended March 31, 2006, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
General	\$ 415,800	Cemetery	\$ 10,000
		Road	125,000
		Fire	190,000
		Police	90,800
			<u>415,800</u>
Oak Road	<u>28,000</u>	General	<u>28,000</u>
	\$ 443,800		\$ 443,800

Transfers to the General Fund represents:

- Unrestricted revenues collected in the Cemetery Fund to pay for operational costs of the cemetery functions accounted for in the General Fund.
- Restricted revenues collected in the Road Fund to pay for operational costs of the public works functions accounted for in the General Fund.
- Restricted revenues collected in the Fire Fund to pay for operational costs of the fire department accounted for in the General Fund.
- Restricted revenues collected in the Police Fund to pay for operational costs of the police department accounted for in the General Fund.

The transfer to the Oak Road Fund represents the General Fund obligation for road construction projects.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 10 - JOINT VENTURE:**

BPH Fire is a joint venture of Barry, Prairieville, and Hope Townships. Each township is required to contribute one-third of the budgeted expenditures. In accordance with the joint venture agreement, the Township remitted \$22,475 to BPH Fire during the year ended March 31, 2006. The Township has no equity interest in BPH Fire. Complete financial statements can be obtained from the Clerk of the Township of Barry.

**NOTE 11 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 10% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$15,074 for the year ended March 31, 2006.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 13 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2006, is as follows:

Revenues	\$ 32,761
Expenses	<u>41,984</u>
Deficiency of revenues over expenses	<u>\$ (9,223)</u>

**NOTE 14 - ACCUMULATED DEFICITS:**

The North Lakeshore Drive Fund, a capital project fund, has an accumulated deficit fund balance in the amount of \$37,193. The deficit is the result of expenditures incurred for a road reconstruction project prior to the collection of related special assessments. The deficit will be eliminated through the collection of the special assessments in subsequent years.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**Township of Prairieville**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 146,110	\$ 138,024	\$ 137,265	\$ (759)
Licenses and permits	52,000	52,627	52,627	-
Federal grants	1,000	39,680	39,676	(4)
State grants	246,800	233,300	235,115	1,815
Charges for services	12,960	11,592	11,605	13
Fines and forfeitures	2,500	2,251	2,251	-
Interest and rentals	6,820	20,003	24,329	4,326
Other	3,500	13,010	13,783	773
Total revenues	<u>471,690</u>	<u>510,487</u>	<u>516,651</u>	<u>6,164</u>
<b>EXPENDITURES</b>				
Legislative	<u>4,952</u>	<u>6,980</u>	<u>6,980</u>	<u>-</u>
General government:				
Supervisor	26,700	28,368	28,366	2
Election	11,100	6,450	6,436	14
Assessor	35,550	29,485	29,482	3
Clerk	34,100	33,353	33,350	3
Board of Review	800	1,280	1,280	-
Treasurer	31,100	30,450	30,449	1
Hall and grounds	11,950	15,687	15,273	414
Cemetery	25,650	27,422	27,408	14
Other	125,500	129,586	123,724	5,862
Total general government	<u>302,450</u>	<u>302,081</u>	<u>295,768</u>	<u>6,313</u>
Public safety:				
Police protection	146,925	154,377	153,555	822
Fire protection	90,789	105,598	84,594	21,004
Inspections	47,100	39,741	41,984	(2,243)
Total public safety	<u>284,814</u>	<u>299,716</u>	<u>280,133</u>	<u>19,583</u>
Public works:				
Highways and streets	220,000	155,725	241,859	(86,134)
Street lights	3,000	2,500	2,205	295
Total public works	<u>223,000</u>	<u>158,225</u>	<u>244,064</u>	<u>(85,839)</u>

**Township of Prairieville**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	\$ 20,000	\$ 25,542	\$ 32,700	\$ (7,158)
Culture and recreation - library	35,000	33,800	33,800	-
Capital outlay	130,100	238,461	472,878	(234,417)
Debt service - principal	-	-	48,500	(48,500)
Total expenditures	1,000,316	1,064,805	1,414,823	(350,018)
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(528,626)</u>	<u>(554,318)</u>	<u>(898,172)</u>	<u>(343,854)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	-	352,483	352,483
Transfers in:				
Cemetery Fund	2,500	10,000	10,000	-
Road Fund	113,200	125,000	125,000	-
Fire Fund	146,333	190,000	190,000	-
Police Fund	90,800	90,800	90,800	-
Total transfers in	352,833	415,800	415,800	-
Transfers out - Oak Drive Fund	-	-	(28,000)	(28,000)
Total other financing sources	352,833	415,800	740,283	324,483
<b>NET CHANGES IN FUND BALANCES</b>	(175,793)	(138,518)	(157,889)	(19,371)
<b>FUND BALANCES - BEGINNING</b>	1,150,670	1,150,670	1,150,670	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 974,877</u>	<u>\$1,012,152</u>	<u>\$ 992,781</u>	<u>\$ (19,371)</u>

**Township of Prairieville**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 146,333	\$ 135,502	\$ 143,495	\$ 7,993
Interest and rentals	800	3,095	3,063	(32)
Total revenues	<u>147,133</u>	<u>138,597</u>	<u>146,558</u>	<u>7,961</u>
<b>OTHER FINANCING USES</b>				
Transfer to General Fund	<u>(146,333)</u>	<u>(190,000)</u>	<u>(190,000)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	800	(51,403)	(43,442)	7,961
<b>FUND BALANCES - BEGINNING</b>	<u>71,743</u>	<u>71,743</u>	<u>71,743</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 72,543</u>	<u>\$ 20,340</u>	<u>\$ 28,301</u>	<u>\$ 7,961</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Prairieville**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 March 31, 2006

<b>Special revenue funds</b>				
	<b><u>Cemetery</u></b>	<b><u>Road</u></b>	<b><u>Police</u></b>	<b><u>Park</u></b>
<b>ASSETS</b>				
Cash	\$ 27,243	\$ 16,081	\$ 2,859	\$ 41,284
Receivables	<u>-</u>	<u>5,493</u>	<u>4,941</u>	<u>-</u>
Total assets	<u><u>\$ 27,243</u></u>	<u><u>\$ 21,574</u></u>	<u><u>\$ 7,800</u></u>	<u><u>\$ 41,284</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ 2,170
Due to other funds	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,170</u>
Fund balances (deficit):				
Reserved for debt service	-	-	-	-
Unreserved, undesignated	<u>27,243</u>	<u>21,574</u>	<u>7,800</u>	<u>39,114</u>
Total fund balances	<u>27,243</u>	<u>21,574</u>	<u>7,800</u>	<u>39,114</u>
Total liabilities and fund balances	<u><u>\$ 27,243</u></u>	<u><u>\$ 21,574</u></u>	<u><u>\$ 7,800</u></u>	<u><u>\$ 41,284</u></u>

<u>Special revenue funds</u>		<u>Capital project funds</u>			<u>Debt service fund</u>	
<u>Pine Lake Weed</u>	<u>South Crooked Lake Weed</u>	<u>Long Point Drive</u>	<u>North Lakeshore Drive</u>	<u>Oak Drive</u>	<u>South Crooked Lake Drive</u>	<u>Totals</u>
\$ 26,388	\$ (1,506)	\$ 7,714	\$ 139	\$ (1,022)	\$ 32,974	\$ 152,154
-	42,195	-	41,652	30,091	20,463	144,835
<u>\$ 26,388</u>	<u>\$ 40,689</u>	<u>\$ 7,714</u>	<u>\$ 41,791</u>	<u>\$ 29,069</u>	<u>\$ 53,437</u>	<u>\$ 296,989</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,170
-	-	-	38,000	-	-	38,000
-	40,689	-	40,984	29,069	19,537	130,279
-	40,689	-	78,984	29,069	19,537	170,449
-	-	-	-	-	33,900	33,900
26,388	-	7,714	(37,193)	-	-	92,640
<u>26,388</u>	<u>-</u>	<u>7,714</u>	<u>(37,193)</u>	<u>-</u>	<u>33,900</u>	<u>126,540</u>
<u>\$ 26,388</u>	<u>\$ 40,689</u>	<u>\$ 7,714</u>	<u>\$ 41,791</u>	<u>\$ 29,069</u>	<u>\$ 53,437</u>	<u>\$ 296,989</u>

**Township of Prairieville****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2006

	<u>Special revenue funds</u>			
	<u>Cemetery</u>	<u>Road</u>	<u>Police</u>	<u>Park</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ 98,988	\$ 89,039	\$ -
Charges for services	-	-	-	60,741
Interest and rentals	1,294	1,983	660	7,169
Other	-	-	-	210
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,294</u>	<u>100,971</u>	<u>89,699</u>	<u>68,120</u>
<b>EXPENDITURES</b>				
Public works	-	-	-	-
Recreation and culture	-	-	-	58,423
Capital outlay	-	-	-	394
Debt service - interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,817</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,294</u>	<u>100,971</u>	<u>89,699</u>	<u>9,303</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(10,000)	(125,000)	(90,800)	-
	<u>(10,000)</u>	<u>(125,000)</u>	<u>(90,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(125,000)</u>	<u>(90,800)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(8,706)</u>	<u>(24,029)</u>	<u>(1,101)</u>	<u>9,303</u>
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<u>35,949</u>	<u>45,603</u>	<u>8,901</u>	<u>29,811</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 27,243</u>	<u>\$ 21,574</u>	<u>\$ 7,800</u>	<u>\$ 39,114</u>

<u>Special revenue funds</u>		<u>Capital project funds</u>			<u>Debt service fund</u>	
<u>Pine Lake Weed</u>	<u>Crooked Lake Weed</u>	<u>Long Point Drive</u>	<u>North Lakeshore Drive</u>	<u>Oak Drive</u>	<u>South Crooked Lake Drive</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,027
-	-	-	-	-	-	60,741
-	-	548	-	1,344	2,493	15,491
<u>1,500</u>	<u>15,681</u>	<u>11,065</u>	<u>16,193</u>	<u>5,931</u>	<u>11,549</u>	<u>62,129</u>
<u>1,500</u>	<u>15,681</u>	<u>11,613</u>	<u>16,193</u>	<u>7,275</u>	<u>14,042</u>	<u>326,388</u>
1,500	457	-	53,386	42,275	-	97,618
-	-	-	-	-	-	58,423
-	-	-	-	-	-	394
-	-	-	-	-	1,079	1,079
<u>1,500</u>	<u>457</u>	<u>-</u>	<u>53,386</u>	<u>42,275</u>	<u>1,079</u>	<u>157,514</u>
-	15,224	11,613	(37,193)	(35,000)	12,963	168,874
-	-	-	-	28,000	-	28,000
-	-	-	-	-	-	(225,800)
-	-	-	-	28,000	-	(197,800)
-	15,224	11,613	(37,193)	(7,000)	12,963	(28,926)
<u>26,388</u>	<u>(15,224)</u>	<u>(3,899)</u>	<u>-</u>	<u>7,000</u>	<u>20,937</u>	<u>155,466</u>
<u>\$ 26,388</u>	<u>\$ -</u>	<u>\$ 7,714</u>	<u>\$ (37,193)</u>	<u>\$ -</u>	<u>\$ 33,900</u>	<u>\$ 126,540</u>